

Message Text

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ACTION FMC-04

INFO OCT-01 ARA-11 ADP-00 COME-00 CIAE-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 CG-00 COA-02 L-03 TRSE-00 RSR-01

OPIC-12 AID-20 /076 W
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P R 171713 Z APR 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 7200

INFO AMEMBASSY CARACAS

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E. O. 11652: N/ A

TAGS: ETRN, PN

SUBJ: PRUDENTIAL GRACE

FOR R. GAGE, MARTIME ADMINISTRATION

1. MARITIME ATTACHE WAS INFORMED BY PRUDENTIAL- GRACE
AGENT HERE YESTERDAY THAT RELATIONSHIP BETWEEN P- G AND
AGENT DETERIORATING RAPIDLY. AS OF APRIL 16, P- G OWES
AGENT \$76,000 IN AGENCY AND REIMBURSEMENT FEES. SHOW-
DOWN ON SITUATION EXPECTED WITHIN THE NEXT TWO WEEKS
SINCE P- G REFUSES TO MEET ITS FINANCIAL OBLIGATIONS TO
AGENT RESULTING IN AGENT' S HAVING TO ADVANCE CONSIDER-
ABLE OF ITS OWN FUNDS TO GUARANTEE PAYMENT OF CANAL EX-
PENSES. PANAMA CANAL COMPANY WILL NOT HANDLE A VESSEL
UNTIL ADEQUATE FUNDS HAVE BEEN ADVANCED TO COVER VESSEL
WHILE IN THE CANAL ZONE. SITUATION SUCH THAT AGENTS
CONSIDERING HOLDING P- G VESSELS IN CANAL ZONE UNTIL
DEBTS SATISFIED.

2. ONE YEAR AGO P- G ACCOUNT WAS ESSENTIAL TO AGENT' S
OPERATION, WITHOUT WHICH THEY WOULD HAVE GONE BANKRUPT.
TODAY P- G ACCOUNT IS OF SO LITTLE CONSEQUENCES THAT
AGENT IS SERIOUSLY CONSIDERING DROPPING IT IF IMMEDIATE
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STEPS ARE NOT TAKEN BY P- G TO REIMBURSE AGENT FOR FUNDS ADVANCED AS WELL AS FOR AGENCY FEES.

3. PRUDENTIAL- GRACE PANAMA AGENT EXTREMELY PESSIMISTIC ABOUT P- G' S CHANCES OF SURVIVAL UNLESS THE FOLLOWING CHANGES IN COMPANY POLICY ARE IMPLEMENTED WITHOUT DELAY: (A) FORGET ABOUT LASH IN THE WEST COAST SOUTH AND CENTRAL AMERICA TRADES WHERE INSUFFICIENT CARGOES ARE AVAILABLE AMONG OTHER THINGS, TO INSURE SUCCESS OF LASH; (B) GET RID OF INEFFICIENTLY OPERATED VESSELS SANTA ROSA AND SANTA PAULA; (C) HIRE A COMPETENT CHIEF EXECUTIVE OFFICER (PRESIDENT) AND DISCHARGE CERTAIN EXECUTIVE OPERATING PERSONNEL WHO HAVE NEITHER THE EXPERIENCE NOR KNOWHOW TO COPE WITH P- G' S CURRENT PROBLEMS ; IN THIS CONNECTION, AGENT CONFIRMED THAT M. DIAZ VERY RECENTLY OFFERED PRESIDENCY OF P- G BUT DECLINED TO ACCEPT. CANDIDATE FOR THAT POSITION REPORTED TO BE D. CAMERON, FORMERLY OF U. S. LINES.

4. AGENT OF OPINION THAT T. DESMEDT WAS ON RIGHT TRACK TO SOLVING P- G' S PROBLEMS BUT WAS PREVENTED BY OTHERS IN THE COMPANY FROM FOLLOWING THROUGH ON HIS DECISIONS. AGENT POINTED OUT THAT IN 1971 P- G OWED AGENCY \$356,000 WHEREAS TODAY THE FIGURE HAS BEEN REDUCED TO \$76,000.

5. AGENT IS ABSOLUTELY CERTAIN THAT IF ITS CONTRACT WITH P- G SEVERED, CARGOES AMOUNTING TO FREIGHT OF \$20,000 WEEKLY WILL BE TRANSFERRED FROM P- G TO SEA LAND.

6. FINALLY, AGENT INFORMED MARATT THAT IT CAN NO LONGER AFFORD TO BE ASSOCIATED WITH P- G UNDER PRESENT CIRCUMSTANCES AND INDICATED THAT IT RECENTLY EARNED GREATER REVENUE FROM TUNA DEALINGS DURING A 24- HOUR PERIOD THAN THAT EARNED FROM P- G DURING DURING A FULL MONTH.

7. THIS INFORMATION OBTAINED FROM PRUDENTIAL GRACE PANAMA AGENT ON A STRICTLY CONFIDENTIAL BASIS. SAYRE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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